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CREDIT UNION DIVISION
JAMES E. FORNEY
SUPERINTENDENT

INTERPRETIVE BULLETIN

DATE: December 1, 1996
TO: All State Chartered Credit Unions
FROM: James E. Forney
Superintendent of Credit Unions
SUBJECT: Share and Deposit Accounts in Another Credit Union

Iowa credit unions have the power to receive from "other credit unions... payments on shares or as deposits", and to make deposits or investments "in state and federal credit unions, the accounts of which are insured by the... national credit union share insurance fund" [see Iowa Code subsections 533.4(1), 533.4(4) & 533.4(5) (1995)]. In addition, the Iowa Code limits the deposit which may be placed in a credit union which has been in existence for not more than a year to "an amount not to exceed twenty-five percent of the assets of the new credit union, but only one credit union may at any time make the deposit." [see Iowa Code subsection 533.4(14) (1995)].

Other than the restriction placed on deposits in a credit union in existence less than one year, a credit union may receive funds in share and deposit accounts from another credit union, without limitation as to the number doing so at any one time and without limitation as to the percentage those funds are to total assets. However, prior to receiving funds from another credit union, the board of directors must adopt a written policy which addresses, at a minimum, the following:

- the purpose and objectives for accepting investment deposits from other credit unions, including applicable funds management strategies for the matching of these deposits;
- the account types which are eligible to receive these deposits, i.e., share, share certificate, certificate of deposit, etc.;
- the maturity limit(s) and dividend/interest rate(s) applicable to each type of eligible account;
- the minimum and maximum amount which may be deposited in each account and/or maturity type individually and in the aggregate by other credit unions; and
- the maximum amount which may be deposited in the credit union individually and in the aggregate by other credit unions.

The funds deposited by other credit unions are to be recorded on the books of the receiving credit union as "Shares/Deposits - Non-Member Credit Unions", accounting code 921. When completing the 5300 regulatory call report, the deposit is treated as, and reported in the computation of, *member shares and deposits*, and not as *uninsured non-member shares and deposits*.

(This bulletin replaces the Interpretive Bulletin, same subject, dated August 1, 1995.)